

ENCLOSURE 1
SPECIAL NOTICE REGARDING
REMEDIAL INVESTIGATION AND FEASIBILITY STUDY
DELTA SHIPYARD SUPERFUND SITE
HOUMA, TERREBONNE PARISH, LOUISIANA

This Special Notice is from the U.S. Environmental Protection Agency (EPA). This notice says **Sequa Corporation** (hereafter referred to as “you”) may be liable for the costs of the cleanup of hazardous substances released into the environment at the Delta Shipyard Superfund Site (Site) which is located in Houma, Terrebonne Parish, Louisiana. The Site is described on the map attached to the draft Administrative Order on Consent Decree (AOC) (Enclosure 2). This notice informs and requests the following four things:

1. You may be liable for the cleanup of hazardous substances, including arsenic, antimony, anthracene, barium, benzene, cadmium, chromium, ethylbenzene, fluorene, lead, manganese, mercury, 2-methylnaphthalene, naphthalene, phenanthrene, pyrene, o-xylene, m,p- xylene and greater than 30,000 cubic yards of hazardous material contained in three evaporation pits at the Site. This notice is issued under the Comprehensive Environmental Response, Compensation, and Liability Act, which is abbreviated as "CERCLA." CERCLA is also known as Superfund.
2. The EPA will use special notice procedures when it works with you. This means that, as part of these procedures, the EPA will not take certain types of actions at the Site for 60 days from the day you get this notice.
3. You are responsible for providing the EPA a good-faith offer within 90 days from the day you receive this notice.
4. The EPA has provided you contact information.

The following six sections provide additional detail:

I. NOTICE THAT YOU MAY BE LIABLE

CERCLA says that four types of persons are liable for cleaning up (or paying the EPA to clean up) hazardous substances that have been released. The four types of liable persons are:

1. Persons who now own the place where the hazardous substance was released;
2. Persons who once owned or operated the place where the hazardous substance was released during the time when the hazardous substance was disposed of;
3. Persons who arranged for disposal or treatment of hazardous substances at the place where the hazardous substance was released; or
4. Persons who selected the place where the hazardous substance was released as a disposal site and transported the hazardous substances to that place.

The EPA's term for these persons is Potentially Responsible Parties or PRPs.

You may want to read the section of the CERCLA law, which tells which persons are liable for the cost of cleaning up hazardous substances. CERCLA can be found in Sections 9601 through 9675 of Title 42 of the United States Code (U.S.C.). The definitions of terms used in CERCLA are found in section 9601, while the discussion of responsible parties can be found at Section 9607. Section 9607 is sometimes called Section 107, as it is enumerated in the act of Congress.

CERCLA also says that the EPA may order responsible persons to take response actions which the EPA believes are needed to protect human health, welfare, or the environment. For example, the EPA may issue an order (i.e., Unilateral Administrative Order) that requires a responsible person to conduct the Remedial Investigation/Feasibility Study (RI/FS) in order to implement the remedial action selected by the EPA in its Record of Decision for the Site. If a responsible person does not comply with an EPA order, the person may be fined up to \$37,500.00 per day. In addition, if a responsible person does not comply with an EPA order, that person may also be liable for three times the amount of money which the EPA spends on the cleanup.

The part of CERCLA which tells about orders which the EPA may issue can be found at Section 9606 of Title 42 of the United States Code. Section 9606 gives authority to the President, but the President has delegated that authority to the EPA. Section 9606 is sometimes referred to as Section 106, as it is enumerated in the act of Congress.

For a period prior to August 31, 1980, the non-corporate business entity named Delta Shipyard (DS) operated a boat and barge cleaning and repair facility at the Site. Operations of DS included cleaning and repairing small cargo boats, fishing boats, and oil barges. Recovered oil deemed usable during cleaning activities was collected and eventually sold. Oily waste from the cleaning process was stored in several unlined earthen pits at the Site. These pits were used as evaporation ponds. Reportedly, these pits were also used to dispose of oil field drilling material. The EPA has determined that hazardous substances were released during the period that DS operated its boat and barge cleaning and repair facility at the Site.

From July 13, 1964, until August 31, 1980, DS had initially been a business unit of Delta Iron Works, Inc. and subsequently as a business unit of Chromalloy American Corporation (Letter, SDMS 135854 and Deed, SDMS 686482, copies in Enclosure 3).

The EPA has determined that you are the successor in interest to Delta Iron Works, Inc. and Chromalloy American Corporation. The EPA has obtained copies of recorded deeds (Deeds, SDMS 9527755 and 686482, copies in Enclosure 3) that identify these corporations as owners of record for the land area upon which the Site is located for periods of time prior to August 31, 1980. The EPA has determined that during the period from July 13, 1964, until August 31, 1980, hazardous substances were released at the Site by DS. The preceding determinations are based upon findings from the EPA's PRP search activities and information provided to the EPA in your 104(e) Information Request Response (Enclosure 3). For these reasons the EPA had determined that you are a PRP for the Site.

In accordance with the Superfund Law and the National Oil and Hazardous Substances Pollution Contingency Plan (NCP), you are responsible for the costs of cleaning up the Site. The EPA demands payment of all outstanding past response costs and intends to seek an agreement from you to pay all future response costs, including cost of oversight as a part of the anticipated settlement.

As the responsible EPA official with delegated authority, I have determined that the Site presents an imminent and substantial endangerment to public health, welfare, and the environment, and therefore, must be cleaned up. You will be required to conduct a RI/FS in accordance with the Superfund Law and the NCP and to furnish all necessary personnel, materials, and services necessary for, and incidental to, the performance of the Remedial Investigation / Feasibility Study (RI/FS). In carrying out your work, you will be guided by the AOC and the Statement of Work (SOW) for the RI/FS discussed in more detail below, as well as by the appropriate EPA policy and guidance.

The EPA invites you to take stock of the evidence on Enclosure 3 and to enter into negotiations toward a settlement which may be in your best interests. Settling with the EPA may protect you from other responsible parties who may sue you to recover costs they incur in cleaning up the Site. In addition, as we said above, if you choose not to settle with the EPA and you are found to be a responsible party, the EPA may take civil administrative action against you.

II. NEGOTIATION PERIOD

The EPA has determined that use of the special notice procedures specified in CERCLA Section 122(e), 42 U.S.C. § 9622(e), may facilitate a settlement between the EPA and the PRPs. Therefore, pursuant to CERCLA Section 122, 42 U.S.C. § 9622, this notice establishes a 60-day moratorium on certain EPA response activities at the Site. During this 60-day moratorium, you are invited to negotiate a settlement agreement. The settlement will provide for the PRPs to (1) conduct or finance the RI/FS activities required for the Site, and (2) reimburse the EPA for costs to be incurred in overseeing the PRPs' performance of the RI/FS. The 60-day negotiation period will formally begin upon receipt of this notice.

If by the end of the 60-day period, the PRPs provide the EPA with a good faith offer to conduct or finance the RI/FS and to reimburse the EPA for response costs to be incurred in overseeing the RI/FS, the 60-day negotiation moratorium will be extended an additional 30 days to conclude negotiations. If settlement is reached between the EPA and the PRPs within the 90-day negotiation moratorium, the settlement will be embodied in an AOC to be issued by the Superfund Division Director, EPA Region 6.

A draft AOC, written specifically for the Site, and a draft Statement of Work (SOW) for the RI/FS activities are enclosed (Enclosure 2). To expedite the EPA's review of your good-faith offer, the EPA recommends that any revision of the draft AOC or SOW be presented to the EPA with the deleted portions lined through and your proposed language added in a distinctive manner. If you use Microsoft Word (which is used by the EPA), or other word processing software, please submit a redline/strikeout version of the AOC and SOW. An electronic version of the draft AOC and SOW may be obtained from EPA Assistant Regional Counsel Ms. Amy Salinas at (214) 665-8063.

III. FINANCIAL CONCERNS/ABILITY TO PAY SETTLEMENTS

The EPA is aware the financial ability of some PRPs to contribute toward the cleanup and/or payment of response costs at a site may be substantially limited. If you believe and can document that you fall within that category, please contact Mr. Robert Werner at 214-665-6724 for

information on “Ability to Pay Settlements.” In response, you will receive a package of information about the potential for such settlements. If the EPA concludes that you have a legitimate inability to pay the full amount of the EPA’s costs, the EPA may offer a schedule for payment over time or a reduction in the total amount demanded from you.

Also, please note that because the EPA has a potential claim against you, if your financial status changes in any significant way, i.e., filing for bankruptcy, you must include the EPA as a creditor.

IV. RESOURCES AND INFORMATION FOR SMALL BUSINESSES

On January 11, 2002, President Bush signed into law the Superfund Small Business Liability Relief and Brownfields Revitalization Act. This Act contains several exemptions and defenses to CERCLA liability, which we suggest that all parties evaluate. You may obtain a copy of the law via the Internet at:

<http://www.epa.gov/swerosps/bf/sblrbra.htm>

and review the EPA guidance regarding these exemptions at:

<http://www.epa.gov/compliance/resources/policies/cleanup/superfund>

The EPA has created a number of helpful resources for small businesses. The EPA has established the National Compliance Assistance Clearinghouse as well as Compliance Assistance Centers, which offer various forms of resources to small businesses. You may inquire about these resources at www.epa.gov.

In addition, the EPA Small Business Ombudsman may be contacted at www.epa.gov/sbo. Finally, the EPA developed a fact sheet about the Small Business Regulatory Enforcement Fairness Act (SBREFA), which is enclosed with this letter (Enclosure 5).

V. GOOD FAITH OFFER

The enclosed draft AOC and draft RI/FS SOW should help you make a good-faith offer to do the RI/FS for the Site. To accelerate the EPA's review of your good-faith offer, please send us any suggested revisions to the draft AOC Decree and draft RI/FS SOW. You can revise the draft AOC or draft RI/FS SOW by marking through the parts which you want to omit, and by adding new text in a way which facilitates the EPA's recognition of the new text. If you use Microsoft Word, which is used by the EPA, or other similar word processing software for PC equipment, please send us a redline-strikeout version that incorporates any of your suggested modifications.

In order for your offer to be a good-faith offer, it must be in writing and it must include the following:

1. An unconditional statement that you are willing to do or pay for the RI/FS. Your statement must be in keeping with the EPA's draft AOC and draft RI/FS SOW. Your statement must be a good basis for more negotiations.

2. A paragraph-by-paragraph response to the EPA's draft AOC and draft RI/FS SOW (a redline-strikeout version of the draft AOC and draft RI/FS SOW will suffice). In addition, please identify which changes are major issues for you.
3. Proof that you (or the party you will hire to do the work) have the technical skills to do the RI/FS. If you will hire another party, please tell us who, or tell us how you will pick that party.
4. A written statement that you are willing to pay the EPA for response costs previously paid at the Site and to pay the EPA in overseeing the conduct of the RI/FS.
5. Proof that you can pay for the RI/FS (an audited annual report may be acceptable).
6. A statement that you are willing to begin work on the RI/FS in keeping with the schedule in the attached draft AOC and draft RI/FS SOW.
7. A general work plan, which describes how and when you will do the major parts of the RI/FS described in the draft AOC and draft RI/FS SOW.
8. The name, address, and phone number of the party who will represent you in negotiations, if you will use a representative.

To save time and expense, please use your first good-faith offer to make all the changes which you would like to see in the draft AOC and draft RI/FS SOW. The EPA may not make changes you ask for at a later date.

If we decide that a good-faith offer has not been submitted within 60 days from the day you get this letter, we may end the negotiation period and begin response or enforcement actions after the 90 day moratorium concludes.

VI. WHERE TO SEND YOUR GOOD-FAITH OFFER AND WHO TO CALL AT THE EPA

Please call Ms. Salinas at the EPA within 60 business days of receipt of this correspondence and let her know whether you plan to submit a good-faith offer and will attempt to negotiate an agreement with the EPA for the Site. Please send your good-faith offer to Ms. Salinas at the address listed below. As discussed above, you have 60 days from your receipt of this notice to send the EPA a written good-faith offer.

If the EPA does not receive a good-faith offer from you within 60 days from your receipt of this notice, the EPA will assume that you do not wish to negotiate. The EPA may then take response or enforcement actions as explained above in section I of this notice. If the EPA does the RI/FS (or any other action for the Site) you may be liable for the EPA's costs plus interest, as well as any other sanctions or penalties that may apply.

You should send your response to this notice to:

Ms. Amy Salinas, Assistant Regional Counsel
Office of Regional Counsel (6RC-S)
U.S. Environmental Protection Agency Region 6
1445 Ross Avenue
Dallas, Texas 75202-2733
Phone (214) 665-8063 / FAX (214) 665-6460
Salinas.amy@epa.gov

The discussions of fact or law in this notice are meant to help you understand CERCLA and the EPA's actions at the Site. The discussions of fact and law are not the EPA's final positions on any matter discussed in this notice. If you or your attorney have legal questions about this notice, please contact Ms. Salinas. Questions concerning the technical aspects of the RI/FS should be directed to:

Mr. Brian Mueller
Remedial Project Manager
Superfund Division (6SF- RL)
U.S. Environmental Protection Agency Region 6
1445 Ross Avenue
Dallas, Texas 75202-2733
Phone (214) 665-7167 / FAX (214) 665-6460
mueller.brian@epa.gov

If you have any other questions regarding this notice, you may contact Mr. Werner, Enforcement Officer, at (214) 665-6724. Thank you for your prompt attention to this important legal matter.

ENCLOSURE 2
EXHIBITS TO THE SPECIAL NOTICE
FOR REMEDIAL INVESTIGATION AND FEASIBILITY STUDY
DELTA SHIPYARD SUPERFUND SITE
LOCATED IN HOUMA, TERREBONNE PARISH, LOUISIANA

Attached draft Administrative Order on Consent Decree and draft Statement of Work

ENCLOSURE 3
EXHIBITS TO THE SPECIAL NOTICE
FOR REMEDIAL INVESTIGATION AND FEASIBILITY STUDY
DELTA SHIPYARD SUPERFUND SITE
LOCATED IN HOUMA, TERREBONNE PARISH, LOUISIANA

Attached evidence.

Copies of documents, i.e., evidence, that confirms:

1. Delta Iron Works, Inc. and Chromalloy American Corporation are your corporate predecessors, and
2. Both had successively been owners of the Site prior to August 31, 1980, during the period that hazardous substance had been released at the Site by the non-corporate entity named Delta Shipyard, and
3. The non-corporate entity named Delta Shipyard had been a business unit of Delta Iron Works, Inc. and subsequently a business unit of Chromalloy American Corporation.

ENCLOSURE 4
EXHIBITS TO THE SPECIAL NOTICE
FOR REMEDIAL INVESTIGATION AND FEASIBILITY STUDY
DELTA SHIPYARD SUPERFUND SITE
LOCATED IN HOUMA, TERREBONNE PARISH, LOUISIANA

List of PRPs receiving this Special Notice Letter.

Chromalloy American Corporation
C/O Sequa Corporation
Three University Plaza
Hackensack, New Jersey 07601

Lynn B. Dean
310 Dean Court
Houma, Louisiana 70363

Dean Services West, L.L.C.
310B Dean Court
Houma, Louisiana 70363

ENCLOSURE 5
EXHIBITS TO THE SPECIAL NOTICE
FOR REMEDIAL INVESTIGATION AND FEASIBILITY STUDY
DELTA SHIPYARD SUPERFUND SITE
LOCATED IN HOUMA, TERREBONNE PARISH, LOUISIANA

Attached small business resources fact sheet